

How Can I Build a Good Credit Score?

There are two types of credit scores to consider. Your traditional credit score (also known as your FICO score) is based the information in your credit report, which is collected and maintained by the three major credit reporting agencies: TransUnion, Experian and Equifax.

If you have little or no traditional credit accounts, you might have a harder time building a strong credit score. The eCredable AMP Credit Report™ and AMP Credit Rating™ can help by using alternative credit accounts to show a history of on-time payments.

Building a traditional credit score

Having good credit helps you get the best interest rates on credit cards, mortgages and other loans. The most commonly used credit score comes from FICO. It is a three-digit number generated by a mathematical formula using information in your credit report. The FICO score ranges from 300 to 850. A good credit score is 675 or above, while anything over 760 is considered the best credit tier.

You can build a traditional credit score by following these guidelines:

1. Use your credit card. Though you don't want to run up a big balance on your card, you still need to show you can manage credit responsibly. If you don't use your card, some companies will even charge you a small fee for inactivity. When you use your credit card(s), try to keep your charges to less than half of your available balance—and try to pay your card off entirely at the end of the month to avoid interest.
2. Pay your bills on time every time. If you can't pay off your card in full each month, at least make the minimum monthly payment by the due date—no exceptions. Just one or two late payments can destroy your credit score, and it will take between one and two years of on-time payments to get your score back up to the level it was at before your late payments. If you carry a balance on your credit card but make your payments on time, your credit score may be the same as someone who pays off his or her balance each month.
3. Don't max out your card. Unless you plan to pay off your card completely at the end of each month, don't make charges anywhere near your credit limit (the total amount of credit you have available on the card). Try to keep your monthly charges or balance at less than half your limit.
4. If you get turned down for credit, always ask why. If you were turned down for a loan or credit card, the lender or creditor is required by law to give you a copy of the credit history that doomed your application. Look it over carefully; an error may have made its way into your history or you may discover that your identity has been stolen. Stay on top of your credit history by checking it at least once a year to make sure everything is correct. If you do find a problem, start an inquiry immediately to get that wrong information off your credit record.

5. Avoid having too many credit inquiries at once. You can request your credit history as many times as you want from one of three credit reporting bureaus without hurting your credit score. But if a lot of outside companies pull your history in a short amount of time because you're applying for multiple credit lines, it could lower your score. There is one exception: When you're looking for a mortgage or car loan, you'll want to shop around—which means a lot of credit checks in a short period. In this case, multiple credit inquiries won't hurt your score. When you're applying for a mortgage, you can have unlimited credit checks from lenders for 30 days with no impact to your score. For auto loans, you can have unlimited checks within a 14-day window.
6. Keep your card. Lenders like to see staying power. To keep them happy, try to keep the same credit cards for years. Avoid transferring your balance too often, unless there's an amazing opportunity to get a great interest rate that will last long enough to let you pay off a big portion of your debt. Just transferring the balance won't hurt your score, but frequently opening new accounts and closing old ones can.

Preventing Credit Problems

If you want to prevent credit problems, make sure you follow this list at least once a year:

1. Check your credit history and score at least once a year. You are entitled by law to request a credit report from each of the three major credit reporting bureaus (Equifax, TransUnion and Experian) once annually. You can get your credit reports for free at Annualcreditreport.com. When you pull your credit report, you can also see your score, for a small additional fee.
2. If you find a problem, contact the credit bureau in writing. The credit bureau is required to address your dispute within 30 days. However, if the credit bureau finds the information is being reported accurately from the creditor, you may need to take the dispute to the creditor.
3. Have the creditor correct any problems that are proven to not be yours. However, note that it could take a long time for the correction to make its way to the credit bureau, so be prepared to wait.

Building an alternative credit score: How can an eCredable AMP Credit Report™ help me?

If you have little or no traditional credit and no credit score, an eCredable AMP Credit Report™ and AMP Credit Rating™ can help you show any potential creditor that you have a verified history of on-time payments of your monthly financial obligations, from sources that are considered mainstream throughout the financial industry.

If your credit file could use a little help, your eCredable AMP Credit Report™ may help to offset negative history, showing the creditor a more complete picture of your credit history by highlighting your verified history of on-time payments. Especially in today's economic climate, bad things happen to good people. By using your alternative credit file

to show a more complete credit profile, your creditor may better understand the circumstances that decreased your traditional credit score.

Your eCredable AMP Credit Report™ is presented in an industry standard format with which creditors are familiar. It can be used by the creditor in underwriting and accessed electronically for credit scoring or other purposes. You are entitled to use your eCredable AMP Credit Report™ as a stand-alone report or as a supplement to the trade lines contained in your Equifax, Experian and TransUnion credit reports; by law, a creditor must consider your eCredable AMP Credit Report™ on your request.

What steps should I take in building an alternative credit profile with eCredable?

The goal in building alternative credit is to develop a credit history that (1) does not require going into debt to build it, (2) shows that you pay your monthly and regular financial obligations on time, and (3) can be used under ECOA Section 202.6(b)(6).

1. Establish a secure eCredable online "self-storage" account that you control. You will be able to view and update your account at any time.
2. Add your bill payment accounts (not reported to Equifax, TransUnion or Experian) to your file. The more accounts that you have and the longer you have paid them on time, the better your profile may look to a prospective creditor and the higher your rating could be.
3. It is important that your account information is independently verified by a third-party that is trusted by creditors, such as a member of the National Credit Reporting Association.
4. Request a verification of the information in your file within the 30 days prior to using it, such as when applying for an apartment or mortgage, credit, utility, phone, or cable service, insurance or employment. Note: A creditor may view your AMP Credit Report™ as "current" for 30 days. You should order your AMP Credit Report™ with this time frame in mind. It's wise to check with your potential creditor ahead of time.
5. You may then download and print your AMP Credit Report™, or give anyone you choose secure electronic access to the report via a secure password free of charge.
6. Update your file before presenting it to a new creditor or service provider.